

SIGOURNEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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Sigourney Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2006 Election)		
Kirk Beasley	President	2007
Kathy Utterback	Vice President	2007
Rob Campbell	Board Member	2007
Larry Alderson	Board Member	2008
David Goll	Board Member	2008
Richard Danowsky	Board Member	2006
Lori Yates	Board Member	2006
Board of Education (After September 2006 Election)		
Rob Campbell	President	2007
Richard Danowsky	Vice President	2009
Kathy Utterback	Board Member	2007
Kirk Beasley	Board Member	2007
Larry Alderson	Board Member	2008
David Goll	Board Member	2008
Bill Rees	Board Member	2009
School Officials		
Todd Abrahamson	Superintendent	2007
Yvonne Pitsch	District Secretary/Treasurer and Business Manager	2007
Ed Conrad	Attorney	2007
Gruhn Law Firm	Attorney	2007

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Sigourney Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District, Sigourney, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2008 on our consideration of Sigourney Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sigourney Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sigourney Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,586,660 in fiscal year 2006 to \$5,866,433 in fiscal year 2007, while General Fund expenditures decreased from \$6,177,881 in fiscal 2006 to \$5,858,527 in fiscal 2007. This resulted in an increase in the District's General Fund balance from \$319,884 in fiscal 2006 to \$328,060 in fiscal 2007, a 2.56% increase from prior year.
- Overall, the District net assets in the governmental activities increased by \$165,196, and the business-type activities increased by \$9,375, respectively.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Sigourney Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Sigourney Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sigourney Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Sigourney Community School District Annual Financial Report

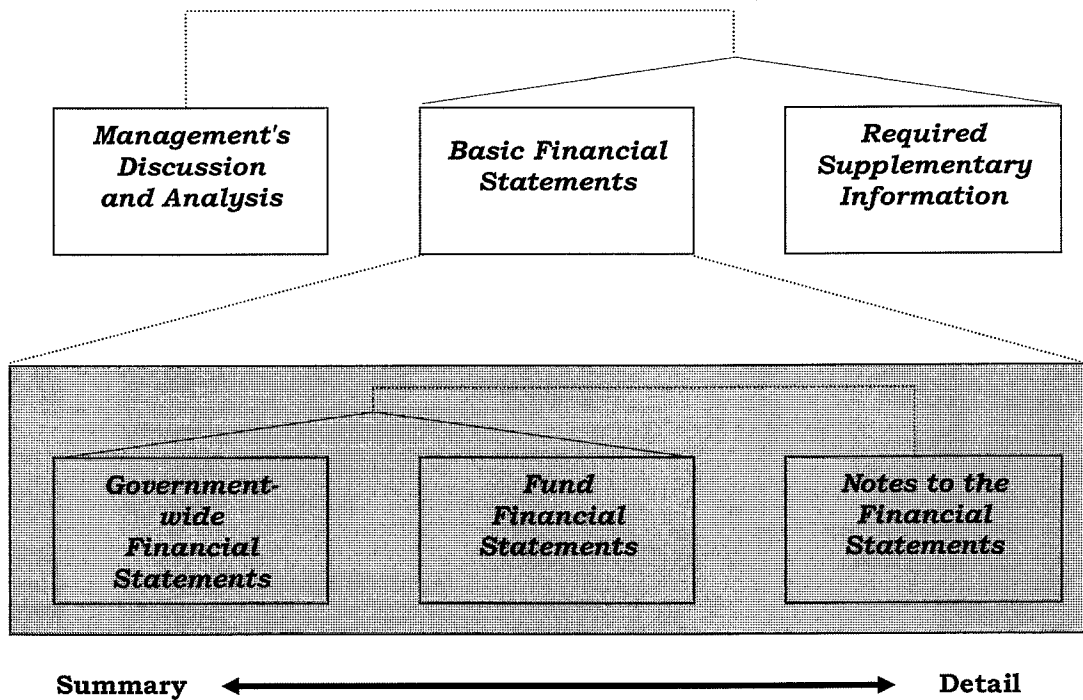


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 4,596,644	2,952,510	20,548	7,233	4,617,192	2,959,743	56.00%
Capital assets	2,681,241	2,813,878	21,144	26,185	2,702,385	2,840,063	-4.85%
Total assets	7,277,885	5,766,388	41,692	33,418	7,319,577	5,799,806	26.20%
Long-term obligations	529,946	681,869	0	0	529,946	681,869	-22.28%
Other liabilities	3,322,633	1,824,409	1,399	2,500	3,324,032	1,826,909	81.95%
Total liabilities	3,852,579	2,506,278	1,399	2,500	3,853,978	2,508,778	53.62%
Net assets:							
Invested in capital assets, net of related debt	2,166,241	2,699,326	21,144	26,185	2,187,385	2,725,511	-19.74%
Restricted	850,048	183,133	0	0	850,048	183,133	364.17%
Unrestricted	409,017	377,651	19,149	4,733	428,166	382,384	11.97%
Total net assets	\$ 3,425,306	3,260,110	40,293	30,918	3,465,599	3,291,028	5.30%

The District's combined net assets increased by 5.3%, or \$174,571, over the prior year. The largest portion of the District's net assets is the invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 364.17% or \$666,915 over the prior year. The increase was primarily the result of the reclassification of the Capital Projects fund balance from the invested in capital assets net of related debt to the restricted balance.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 11.97% or \$45,782 over the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to June 30, 2006.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 489,410	543,936	143,228	127,691	632,638	671,627	-5.81%
Operating grants and contributions and restricted interest	845,800	778,767	113,861	131,877	959,661	910,644	5.38%
General revenues:							
Property tax	1,932,336	2,135,358	0	0	1,932,336	2,135,358	-9.51%
Local option sales and service tax	386,842	331,137	0	0	386,842	331,137	16.82%
Unrestricted state grants	2,828,367	2,666,216	0	0	2,828,367	2,666,216	6.08%
Other	86,652	75,366	151	100	86,803	75,466	15.02%
Transfers	(5,797)	0	0	0	(5,797)	0	-100.00%
Total revenues	6,563,610	6,530,780	257,240	259,668	6,820,850	6,790,448	0.45%
Program expenses:							
Governmental activities:							
Instructional	4,147,135	4,419,105	0	0	4,147,135	4,419,105	-6.15%
Support services	1,912,551	1,797,510	0	0	1,912,551	1,797,510	6.40%
Non-instructional programs	2,632	694	247,865	271,869	250,497	272,563	-8.10%
Other expenses	336,096	347,458	0	0	336,096	347,458	-3.27%
Total expenses	6,398,414	6,564,767	247,865	271,869	6,646,279	6,836,636	-2.78%
Changes in net assets before capital contributions	165,196	(33,987)	9,375	(12,201)	174,571	(46,188)	-477.96%
Capital contributions	0	0	0	4,347	0	4,347	-100.00%
Changes in net assets	165,196	(33,987)	9,375	(7,854)	174,571	(41,841)	-517.22%
Net assets beginning of year	3,260,110	3,294,097	30,918	38,772	3,291,028	3,332,869	-1.26%
Net assets end of year	\$ 3,425,306	3,260,110	40,293	30,918	3,465,599	3,291,028	5.30%

In fiscal 2007, property tax and unrestricted state grants account for 72.53% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$6.82 million of which \$6.56 million was for governmental activities and less than \$0.26 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.45% increase in revenues and a 2.78% decrease in expenses. The decrease in expenses related to the decrease in instructional costs during the year.

Governmental Activities

Revenues for governmental activities were \$6,563,610 and expenses were \$6,398,414.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 4,147,135	4,419,105	-6.15%	3,022,995	3,290,531	-8.13%
Support services	1,912,551	1,797,510	6.40%	1,912,193	1,797,336	6.39%
Non-instructional programs	2,632	694	279.25%	2,632	694	279.25%
Other expenses	336,096	347,458	-3.27%	125,384	153,503	-18.32%
Totals	<u>\$ 6,398,414</u>	<u>6,564,767</u>	<u>-2.53%</u>	<u>5,063,204</u>	<u>5,242,064</u>	<u>-3.41%</u>

- The cost financed by users of the District's programs was \$489,410.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$845,800.
- The net cost of governmental activities was financed with \$1,932,336 in property tax, \$386,842 in local option sales and services tax, \$2,828,367 in unrestricted state grants and \$57,918 in interest income.

Business-Type Activities

Revenues of the District's business-type activities were \$257,240 and expenses were \$247,865. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Sigourney Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,170,369, above last year's ending fund balances of \$1,033,957.

Governmental Fund Highlights

- The District's increasing General Fund financial position is the product of many factors. Total revenues increased due to the increases in state grant revenues and local option sales tax revenues during the year. A decrease in instructional expenditures decreased the total expenditures for the year.
- The Capital Projects Fund increased from an ending balance of \$539,234 in fiscal 2006 to \$662,360 in fiscal 2007. The increase in this fund is due to revenues for the year being able to more than offset expenditures.
- The Special Revenue, Management Levy fund balance decreased in fiscal year 2007. Although revenues increased when compared to 2007, the revenues were not enough to offset the increase in expenses. This caused the fund balance to decrease from \$30,305 to \$28,959.

- The Special Revenue, Physical Plant and Equipment Levy fund balance decreased \$80 to an ending balance of \$31,290. This was the result of an increase in expenditures during fiscal 2007 as compared to fiscal 2006.

Proprietary Funds Highlights

The School Nutrition Fund net assets increased from \$30,918 at June 30, 2006 to \$40,293 at June 30, 2007, representing an increase of 30.32%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$56,011 more than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more in local source revenues than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$2,702,385, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 7 to the financial statements. Depreciation expense for the year was \$137,210.

The original cost of the District's capital assets was \$5,485,936. Governmental funds account for \$5,316,699 with the remainder of \$169,237 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$115,951 at June 30, 2007 compared to \$147,751 at June 30, 2006. This decrease resulted from the current year depreciation expense.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 78,935	78,935	0	0	78,935	78,935	0.00%
Buildings	2,315,896	2,417,839	0	0	2,315,896	2,417,839	-4.22%
Land improvements	191,603	195,538	0	0	191,603	195,538	-2.01%
Machinery and equipment	94,807	121,566	21,144	26,185	115,951	147,751	-21.52%
Total	\$ 2,681,241	2,813,878	21,144	26,185	2,702,385	2,840,063	-4.85%

Long-Term Debt

At June 30, 2007, the District had \$529,946 in other long-term debt outstanding. This represents a decrease of 22.3% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had outstanding general obligation bonded indebtedness payable of \$515,000 at June 30, 2007.

The District had total outstanding compensated absences payable from the General Fund of \$14,946.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2007	2006	2006-07
General obligation bonds	\$ 515,000	675,000	-23.7%
Compensated absences	14,946	6,869	117.6%
Total	\$ 529,946	681,869	-22.3%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Certified enrollment decreased by 34.5 students during the 2006-07 year.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Yvonne Pitsch, District Secretary, Sigourney Community School District, 107 West Marion, Sigourney, Iowa, 52591.

BASIC FINANCIAL STATEMENTS

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 686,613	0	686,613
Other	1,122,487	13,568	1,136,055
Receivables:			
Property tax:			
Delinquent	38,616	0	38,616
Succeeding year	2,171,738	0	2,171,738
Income surtax	107,548	0	107,548
Accrued interest	5,136	0	5,136
Accrued ISCAP interest(Note 5)	6,851	0	6,851
Due from other governments	457,655	0	457,655
Inventories	0	6,980	6,980
Capital assets, net of accumulated depreciation(Note 7)	2,681,241	21,144	2,702,385
TOTAL ASSETS	7,277,885	41,692	7,319,577
LIABILITIES			
Accounts payable	31,924	0	31,924
Salaries and benefits payable	120,511	0	120,511
ISCAP warrants payable(Note 5)	688,000	0	688,000
ISCAP accrued interest payable(Note 5)	6,009	0	6,009
ISCAP unamortized premium	3,809	0	3,809
Interest payable	3,906	0	3,906
Deferred revenue:			
Succeeding year property tax	2,171,738	0	2,171,738
Other	296,736	0	296,736
Unearned revenue	0	1,399	1,399
Long-term liabilities(Note 6):			
Portion due within one year:			
General obligation bonds payable	255,000	0	255,000
Compensated absences	14,946	0	14,946
Portion due after one year:			
General obligation bonds payable	260,000	0	260,000
TOTAL LIABILITIES	3,852,579	1,399	3,853,978
NET ASSETS			
Invested in capital assets, net of related debt	2,166,241	21,144	2,187,385
Restricted for:			
Talented and gifted	6,216	0	6,216
Professional development	1,523	0	1,523
Debt service	26,434	0	26,434
Capital projects	662,360	0	662,360
Management levy	28,959	0	28,959
Physical plant and equipment levy	31,290	0	31,290
Other special revenue purposes	93,266	0	93,266
Unrestricted	409,017	19,149	428,166
TOTAL NET ASSETS	\$ 3,425,306	40,293	3,465,599

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 2,413,575	344,546	634,730	(1,434,299)	0
Special instruction	1,003,097	144,864	0	(858,233)	0
Other instruction	730,463	0	0	(730,463)	0
	4,147,135	489,410	634,730	(3,022,995)	0
Support services:					
Student services	96,963	0	0	(96,963)	0
Instructional staff services	206,065	0	0	(206,065)	0
Administration services	825,692	0	0	(825,692)	0
Operation and maintenance of plant services	534,610	0	0	(534,610)	0
Transportation services	249,221	0	358	(248,863)	0
	1,912,551	0	358	(1,912,193)	0
Non-instructional programs:					
Food service operations	2,632	0	0	(2,632)	0
Other expenditures:					
Facilities acquisitions	18,978	0	0	(18,978)	0
Long-term debt interest and fiscal charges	29,666	0	0	(29,666)	0
AEA flowthrough	210,712	0	210,712	0	0
Depreciation (unallocated)*	76,740	0	0	(76,740)	0
	336,096	0	210,712	(125,384)	0
Total governmental activities	6,398,414	489,410	845,800	(5,063,204)	0
Business-Type activities:					
Non-instructional programs:					
Nutrition services	247,865	143,228	113,861	0	9,224
Total business-type activities	247,865	143,228	113,861	0	9,224
Total	\$ 6,646,279	632,638	959,661	(5,063,204)	9,224
General Revenues and Transfers:					
General Revenues:					
Local tax for:					
General purposes			\$ 1,890,717	0	1,890,717
Capital outlay			41,619	0	41,619
Local option sales and service tax			386,842	0	386,842
Unrestricted state grants			2,828,367	0	2,828,367
Unrestricted investment earnings			57,918	151	58,069
Other general revenues			28,734	0	28,734
Transfers			(5,797)	0	(5,797)
Total general revenues and transfers			5,228,400	151	5,228,551
Changes in net assets			165,196	9,375	174,571
Net assets beginning of year			3,260,110	30,918	3,291,028
Net assets end of year			\$ 3,425,306	40,293	3,465,599

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments				
ISCAP(Note 5)	\$ 686,613	0	0	686,613
Other	467,619	492,791	162,077	1,122,487
Receivables:				
Property tax				
Delinquent	36,181	0	2,435	38,616
Succeeding year	2,071,738	0	100,000	2,171,738
Income surtax	107,548	0	0	107,548
Interfund	0	0	15,437	15,437
Accrued interest	5,136	0	0	5,136
Accrued ISCAP interest(Note 5)	6,851	0	0	6,851
Due from other governments	272,649	185,006	0	457,655
TOTAL ASSETS	\$ 3,654,335	677,797	279,949	4,612,081
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 0	15,437	0	15,437
Accounts payable	31,924	0	0	31,924
Salaries and benefits payable	120,511	0	0	120,511
ISCAP warrants payable(Note 5)	688,000	0	0	688,000
ISCAP accrued interest payable(Note 5)	6,009	0	0	6,009
ISCAP unamortized premium	3,809	0	0	3,809
Deferred revenue:				
Succeeding year property tax	2,071,738	0	100,000	2,171,738
Income surtax	107,548	0	0	107,548
Other	296,736	0	0	296,736
Total liabilities	3,326,275	15,437	100,000	3,441,712
Fund balances:				
Reserved for:				
Debt service	0	0	26,434	26,434
Talented and gifted	6,216	0	0	6,216
Professional development	1,523	0	0	1,523
Unreserved:				
Designated:				
Special purposes by board	39,111	0	0	39,111
Undesignated:				
General	281,210	0	0	281,210
Capital projects	0	662,360	0	662,360
Management levy	0	0	28,959	28,959
Physical plant and equipment levy	0	0	31,290	31,290
Other special revenue purposes	0	0	93,266	93,266
Total fund balances	328,060	662,360	179,949	1,170,369
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,654,335	677,797	279,949	4,612,081

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances of governmental funds (page 15)	\$ 1,170,369
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	2,681,241
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	107,548
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(3,906)
Long-term liabilities, including general obligation bonds and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(529,946)</u>
Net assets of governmental activites (page 13)	<u><u>\$ 3,425,306</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,810,441	0	113,606	1,924,047
Local option sales and service tax	0	386,842	0	386,842
Tuition	247,180	0	0	247,180
Other	134,751	25,285	168,846	328,882
State sources	3,355,188	0	106	3,355,294
Federal sources	318,873	0	0	318,873
Total revenues	5,866,433	412,127	282,558	6,561,118
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	2,358,075	29,799	17,032	2,404,906
Special instruction	985,010	0	18,087	1,003,097
Other instruction	574,988	0	149,629	724,617
	3,918,073	29,799	184,748	4,132,620
Support services:				
Student services	96,501	0	462	96,963
Instructional staff services	202,419	0	613	203,032
Administration services	795,672	10,573	7,710	813,955
Operation and maintenance of plant services	433,337	51,135	50,815	535,287
Transportation services	201,543	6,619	13,306	221,468
	1,729,472	68,327	72,906	1,870,705
Non-instructional programs:				
Food service operations	0	0	2,632	2,632
Other expenditures:				
Facilities acquisitions	0	0	11,365	11,365
Long-term debt:				
Principal	0	0	160,000	160,000
Interest and fiscal charges	0	0	30,875	30,875
AEA flowthrough	210,712	0	0	210,712
	210,712	0	202,240	412,952
Total expenditures	5,858,257	98,126	462,526	6,418,909
Excess(deficiency) of revenues over(under) expenditures	8,176	314,001	(179,968)	142,209
OTHER FINANCING SOURCES(USES):				
Transfer in	0	0	190,875	190,875
Transfer out	0	(190,875)	(5,797)	(196,672)
Total other financing sources(uses)	0	(190,875)	185,078	(5,797)
Net change in fund balances	8,176	123,126	5,110	136,412
Fund balance beginning of year	319,884	539,234	174,839	1,033,957
Fund balance end of year	\$ 328,060	662,360	179,949	1,170,369

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds (page 17) \$ 136,412

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:

Expenditures for capital assets	\$ 20,078	
Depreciation expense	(132,169)	
Loss on disposal of capital assets	<u>(20,546)</u>	(132,637)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 8,289

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 160,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,209

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Compensated absences (8,077)

Changes in net assets of governmental activities (page 14) \$ 165,196

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 13,568
Inventories	6,980
Capital assets, net of accumulated depreciation(Note 7)	<u>21,144</u>
TOTAL ASSETS	<u>41,692</u>
LIABILITIES	
Unearned revenues	<u>1,399</u>
TOTAL LIABILITIES	<u>1,399</u>
NET ASSETS	
Invested in capital assets	21,144
Unrestricted	<u>19,149</u>
TOTAL NET ASSETS	<u><u>\$ 40,293</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	<u>\$ 143,228</u>
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	86,614
Benefits	50,990
Services	383
Supplies	104,837
Depreciation	5,041
TOTAL OPERATING EXPENSES	<u>247,865</u>
OPERATING LOSS	<u>(104,637)</u>
NON-OPERATING REVENUES:	
State sources	3,408
Federal sources	110,453
Interest income	151
TOTAL NON-OPERATING REVENUES	<u>114,012</u>
Change in net assets	9,375
Net assets beginning of year	<u>30,918</u>
Net assets end of year	<u><u>\$ 40,293</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 132,278
Cash received from miscellaneous	10,988
Cash payments to employees for services	(137,604)
Cash payments to suppliers for goods or services	(88,625)
Net cash used in operating activities	<u>(82,963)</u>
Cash flows from non-capital financing activities:	
State grants received	3,408
Federal grants received	94,111
Net cash provided by non-capital financing activities	<u>97,519</u>
Cash flows from investing activities:	
Interest on investments	<u>151</u>
Net increase in cash and cash equivalents	14,707
Cash and cash equivalents at beginning of year	<u>(1,139)</u>
Cash and cash equivalents at end of year	<u>\$ 13,568</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (104,637)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	16,342
Depreciation	5,041
Decrease in inventories	253
Increase in unearned revenue	38
Net cash used in operating activities	<u>\$ (82,963)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u>\$ 13,568</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$16,342.

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2007

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 17,800
NET ASSETS	
Reserved for scholarships	\$ 17,800

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Scholarship
Additions	
Local sources:	
Interest income	\$ 753
Total additions	<u>753</u>
Deductions	
Instruction:	
Scholarships awarded	550
Total deductions	<u>550</u>
Change in net assets before other financing sources	203
Other financing sources:	
Transfer in	<u>5,797</u>
Change in net assets	6,000
Net assets beginning of year	<u>11,800</u>
Net assets end of year	<u><u>\$ 17,800</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(1) Summary of Significant Accounting Policies

The Sigourney Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Sigourney, Iowa, and the predominate agricultural territory in Keokuk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Sigourney Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Sigourney Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Keokuk County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on

January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 0
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period

or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007 expenditures did not exceed budgeted amounts.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of

deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified portfolio	<u>\$ 241,051</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	Capital Projects	<u>\$ 15,437</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Private Purpose Trust	Expendable Trust	\$ 5,797
Debt Service	Capital Projects	<u>190,875</u>
		<u>\$ 196,672</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07B	1/27/2007	1/25/2008	\$ 308,212	6,738	309,000	5,912
2007-08A	6/28/2007	6/27/2008	378,401	113	379,000	97
Total			<u>\$ 686,613</u>	<u>6,851</u>	<u>688,000</u>	<u>6,009</u>

The district pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the district must repay the outstanding withdrawal from its General Fund receipts. In addition, the district must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07B	\$ 0	100,000	100,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07B	4.2500%	5.3150%
2007-08A	4.5000%	5.4550%

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 675,000	0	160,000	515,000	255,000
Compensated Absences	6,869	14,946	6,869	14,946	14,946
	<u>\$ 681,869</u>	<u>14,946</u>	<u>166,869</u>	<u>529,946</u>	<u>269,946</u>

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond issue of May 1, 1999		
		Principal	Interest	Total
2008	4.50 %	\$ 255,000	23,436	278,436
2009	4.60	260,000	11,960	271,960
Total		<u>\$ 515,000</u>	<u>35,396</u>	<u>550,396</u>

(7) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 78,935	0	0	78,935
Total capital assets not being depreciated	78,935	0	0	78,935
Capital assets being depreciated:				
Buildings	4,293,066	0	25,056	4,268,010
Land improvements	373,966	12,933	0	386,899
Machinery and equipment	575,710	7,145	0	582,855
Total capital assets being depreciated	5,242,742	20,078	25,056	5,237,764
Less accumulated depreciation for:				
Buildings	1,875,227	81,397	4,510	1,952,114
Land improvements	178,428	16,868	0	195,296
Machinery and equipment	454,144	33,904	0	488,048
Total accumulated depreciation	2,507,799	132,169	4,510	2,635,458
Total capital assets being depreciated, net	2,734,943	(112,091)	20,546	2,602,306
Governmental activities capital assets, net	\$ 2,813,878	(112,091)	20,546	2,681,241

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 169,237	0	0	169,237
Less accumulated depreciation	143,052	5,041	0	148,093
Business-type activities capital assets, net	\$ 26,185	(5,041)	0	21,144

Governmental activities:

Instruction:

Regular	\$ 8,669
Other	5,846

Support services:

Instructional staff	3,033
Administration	4,521
Operation and maintenance of plant	6,464
Transportation	26,896
	<u>55,429</u>

Unallocated depreciation	<u>76,740</u>
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Total governmental activities depreciation expense	<u>\$ 132,169</u>
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Business-type activities:

Food services	<u>\$ 5,041</u>
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(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$196,580, \$204,612 and \$195,775 respectively, equal to the required contributions for each year.

(9) Risk Management

Sigourney Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$210,712 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SIGOURNEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,886,951	143,379	3,030,330	2,968,482	2,968,482	61,848
State sources	3,355,294	3,408	3,358,702	3,336,865	3,336,865	21,837
Federal sources	318,873	110,453	429,326	457,000	457,000	(27,674)
Total revenues	6,561,118	257,240	6,818,358	6,762,347	6,762,347	56,011
Expenditures:						
Instruction	4,132,620	0	4,132,620	4,735,802	4,735,802	603,182
Support services	1,870,705	0	1,870,705	1,787,000	2,050,000	179,295
Non-instructional programs	2,632	247,865	250,497	270,107	270,107	19,610
Other expenditures	412,952	0	412,952	603,570	603,570	190,618
Total expenditures	6,418,909	247,865	6,666,774	7,396,479	7,659,479	992,705
Excess(deficiency) of revenues over(under) expenditures	142,209	9,375	151,584	(634,132)	(897,132)	1,048,716
Other financing sources, net	(5,797)	0	(5,797)	5,000	5,000	(10,797)
Excess(deficiency) of revenues over(under) expenditures and other financing uses	136,412	9,375	145,787	(629,132)	(892,132)	1,037,919
Balance beginning of year	1,033,957	30,918	1,064,875	1,065,937	1,065,937	(1,062)
Balance end of year	\$ 1,170,369	40,293	1,210,662	436,805	173,805	1,036,857

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$263,000.

OTHER SUPPLEMENTARY INFORMATION

SIGOURNEY COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 27,416	93,266	30,398	151,080	10,997	162,077
Receivables:						
Property tax:						
Delinquent	1,543	0	892	2,435	0	2,435
Succeeding year property tax	100,000	0	0	100,000	0	100,000
Interfund	0	0	0	0	15,437	15,437
TOTAL ASSETS	\$ 128,959	93,266	31,290	253,515	26,434	279,949
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue:						
Succeeding year property tax	\$ 100,000	0	0	100,000	0	100,000
	100,000	0	0	100,000	0	100,000
Fund balances:						
Reserved for debt service	0	0	0	0	26,434	26,434
Unreserved, undesignated	28,959	93,266	31,290	153,515	0	153,515
	28,959	93,266	31,290	153,515	26,434	179,949
TOTAL LIABILITIES AND FUND BALANCES	\$ 128,959	93,266	31,290	253,515	26,434	279,949

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					Total	
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 71,987	0	41,619	0	113,606	0	113,606
Other	6,753	160,934	1,054	0	168,741	105	168,846
State sources	67	0	39	0	106	0	106
TOTAL REVENUES	78,807	160,934	42,712	0	282,453	105	282,558
EXPENDITURES:							
Current:							
Instruction:							
Regular instruction	13,248	0	3,784	0	17,032	0	17,032
Special instruction	18,087	0	0	0	18,087	0	18,087
Other instruction	923	148,706	0	0	149,629	0	149,629
Support services:							
Student services	462	0	0	0	462	0	462
Instructional staff services	613	0	0	0	613	0	613
Administration services	3,166	0	4,544	0	7,710	0	7,710
Operation and maintenncance of plant services	29,766	0	21,049	0	50,815	0	50,815
Transportation services	13,306	0	0	0	13,306	0	13,306
Non-instructional programs:							
Food service operations	582	0	2,050	0	2,632	0	2,632
Other expenditures:							
Facilities acquisitions	0	0	11,365	0	11,365	0	11,365
Long-term debt:							
Principal	0	0	0	0	0	160,000	160,000
Interest and fiscal charges	0	0	0	0	0	30,875	30,875
TOTAL EXPENDITURES	80,153	148,706	42,792	0	271,651	190,875	462,526
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(1,346)	12,228	(80)	0	10,802	(190,770)	(179,968)
OTHER FINANCING SOURCES(USES):							
Transfer in	0	0	0	0	0	190,875	190,875
Transfer out	0	0	0	(5,797)	(5,797)	0	(5,797)
TOTAL OTHER FINANCING SOURCES(USES)	0	0	0	(5,797)	(5,797)	190,875	185,078
Net change in fund balances	(1,346)	12,228	(80)	(5,797)	5,005	105	5,110
FUND BALANCE BEGINNING OF YEAR	30,305	81,038	31,370	5,797	148,510	26,329	174,839
FUND BALANCE END OF YEAR	\$ 28,959	93,266	31,290	0	153,515	26,434	179,949

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 1,030	1,596	1,387	1,239
Spanish Club	1,293	5,164	3,251	3,206
Band Trip	7,723	2,230	534	9,419
Girls basketball fundraising	4,081	14,280	13,482	4,879
Girls golf fundraising	0	855	855	0
Boys basketball	203	1,923	1,660	466
Girls track fundraising	205	4,490	4,455	240
Softball	3,890	4,811	6,499	2,202
Baseball fundraising	2,116	2,788	4,514	390
Volleyball fundraising	434	4,040	4,304	170
Wrestling fundraising	3,228	2,996	3,787	2,437
Athletics	3,617	43,595	35,893	11,319
Sigourney-Keota	7,357	15,971	16,295	7,033
Interest	40	51	0	91
Revolving	0	6,740	6,740	0
Jr High	838	264	45	1,057
Yearbook	8,882	6,323	10,422	4,783
FCCLA	6,179	5,882	4,131	7,930
FFA	8,042	11,032	9,483	9,591
Student Council	580	10,488	6,896	4,172
Cheerleaders	4,277	5,373	4,075	5,575
Wrestling cheerleader	755	10	224	541
Class of 2006	7	0	7	0
Class of 2007	1,538	220	1,758	0
Class of 2008	4,901	648	1,517	4,032
Class of 2009	4,433	447	1,211	3,669
Class of 2010	3,546	63	163	3,446
Class of 2011	1,843	3,643	2,177	3,309
Class of 2012	0	5,011	2,941	2,070
Total	\$ 81,038	160,934	148,706	93,266

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

		Modified Accrual Basis			
		Years Ended June 30,			
		2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax		\$ 2,310,889	2,461,134	2,374,146	2,156,319
Tuition		247,180	295,282	387,580	446,806
Other		328,882	313,145	269,074	260,471
State sources		3,355,294	3,113,321	3,025,100	2,861,247
Federal sources		318,873	331,662	302,972	290,904
Total		\$ 6,561,118	6,514,544	6,358,872	6,015,747
Expenditures:					
Current:					
Instruction:					
Regular instruction		\$ 2,404,906	2,543,872	2,347,907	2,353,346
Special instruction		1,003,097	1,159,901	1,135,695	1,561,658
Other instruction		724,617	758,084	747,163	451,458
Support services:					
Student services		96,963	97,821	97,550	92,753
Instructional staff services		203,032	189,373	199,712	138,823
Administration services		813,955	750,145	646,285	586,137
Operation and maintenance of plant services		535,287	551,149	457,047	285,958
Transportation services		221,468	270,654	257,980	233,505
Central support services		0	0	0	17,854
Non-instructional programs		2,632	694	505	631
Other expenditures:					
Facilities acquisitions		11,365	33,326	3,113	17,391
Long-term debt:					
Principal		160,000	320,000	225,000	215,000
Interest and fiscal charges		30,875	45,220	54,870	63,743
AEA flow-through		210,712	193,955	193,071	196,894
Total		\$ 6,418,909	6,914,194	6,365,898	6,215,151

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Sigourney Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sigourney Community School District internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Sigourney Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sigourney Community School District's financial statements that is more than inconsequential will not be prevented or detected by Sigourney Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sigourney Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sigourney Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sigourney Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Sigourney Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Sigourney Community School District and other parties to whom Sigourney Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sigourney Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2008

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting

- II-A-07 Certified Budget - District disbursements for the year ended June 30, 2007, did not exceed the amount budgeted.
- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Julie Tremmel, Teacher Spouse owns Tremmel Backhoe Service	Services	\$1,083
Cyrena Buschmann, Teacher Spouse owns Sigourney Cleaners	Services	\$258
Yvonne Pitsch, Business Manager Spouse owns Sigourney Body Shop	Services	\$598
Dottie Dobbins, Secretary Spouse owns Phelps	Services	\$1,619
Zelda Chaney, Aide Spouse owns Sigourney News Review	Services	\$4,284

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the spouses of the employees do not appear to represent a conflict of interest.

- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.